

Bush seeks big jump in missile defense spending.

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WASHINGTON, Jan 30 (Reuters) - The **Bush** administration will ask Congress to boost spending on missile defense by \$1.2 billion next year and nearly double funding to modernize the Army in the \$401.7 billion U.S. military budget for 2005, according to Pentagon documents released on Friday.

The defense plan is part of a proposed \$2.3 trillion federal budget President George W. **Bush** will send to lawmakers on Monday. It includes a 7 percent increase in defense spending over the current level of \$375 billion.

The Pentagon said the defense budget documents - scheduled to be formally released on Monday with the president's overall budget - were inadvertently posted on the Internet on Friday, but later removed.

The administration seeks to boost funding for its controversial missile defense program by 13 percent to \$10.2 billion next year from \$9 billion requested for fiscal 2004.

The new figure includes spending by the Pentagon's Missile Defense Agency of \$9.1 billion in 2005, up from \$7.6 billion, as well as the Army's Patriot missile program.

The Pentagon's plan to begin deploying the initial parts of a missile defense shield by September has drawn sharp criticism from some U.S. allies and Democrats who say it has not been adequately tested and could spark an arms race in space.

The budget also calls for \$3.2 billion for the Army's "Future Combat System," a high-tech plan to make soldiers more mobile and lethal in the post-Cold War world. That is up from \$1.7 billion in the current year.

The military plans to spend \$74.9 billion to buy weapons and other equipment in the 2005 fiscal year, starting Oct. 1. For this year, the Pentagon asked Congress for \$72.5 billion, but actual spending on weapons systems rose to \$81.1 billion due to extra war-related spending approved by lawmakers.

The requested \$74.9 billion is also expected to increase sharply under a supplemental spending request expected from the administration after the November presidential election.

The defense budget does not include up to \$40 billion or more in supplemental spending for military operations in Iraq, which congressional sources and analysts say the White House could seek from Congress late this year or early next year.

JOINT STRIKE FIGHTER

The budget calls for almost \$4.6 billion for Lockheed Martin Corp.'s Joint Strike Fighter, or F-35, up from \$4.25 billion requested in 2004. The program to develop a stealthy, long-range fighter includes more than a dozen foreign partners including Britain, the Netherlands and Australia.

The defense budget made waves on Wall Street, with analysts probing the documents for clues on the futures of key defense contractors like Lockheed, Boeing Co., Northrop Grumman Corp., Raytheon Co. and General Dynamics Corp..

"Boeing appears well served by this budget proposal," Wachovia Securities analyst Robert Spingarn said in a research note. The Chicago-based company is the lead contractor for both the ground-based missile defense program and the Future Combat System.

The 2001 attacks on America sparked wars in Iraq and Afghanistan and increased spending on Special Operations forces in addition to the usual increases for high-tech weaponry.

The **2005 budget** also asks Congress for almost \$69 billion in weapons research and development, up from the \$64.7 billion it sought last year.

The documents showed **Bush** will seek to buy 24 of Lockheed Martin Corp's F/A-22 Raptor fighter aircraft in fiscal 2005 for a total of \$3.6 billion, up from the 22 jets the Pentagon requested a year ago.

The Air Force would get three V-22 "Osprey" tilt-rotor aircraft in 2005 for a cost of \$305.6 million, up from the two requested in the fiscal year at a cost of \$213.7 million, according to the documents.

The Osprey, which suffered two high-profile crashes in 2000 killing 23 Marines, is being built by Boeing and Textron Inc.'s Bell Helicopter for the Marine Corps, the Air Force and Special Operations forces.